



INDIANA STATE BOARD OF EDUCATION

To: Indiana State Board of Education Members
From: Board Staff
Date: September 7, 2016
RE: Ball State Authorized Charter School – Hoosier Academy Virtual Charter School

Summary: The State Board of Education (“Board”) has the legal responsibility to monitor authorizers to ensure that they renew charters of schools that meet the statutory minimum standards for charter schools. If authorizers continue to renew charter schools that do not meet the statutory minimum standards, the Board may request that the authorizers attend a hearing before the Board. After conducting a hearing on the matter, the Board may select from four (4) options set forth in IC 20-24-2.2-3(b).

I. Overview of the Applicable Laws.

Authorizers grant charters to organizers to operate charter schools. The following entities may serve as authorizers in Indiana: (1) a governing body, (2) a state educational institution that offers a four-year baccalaureate degree, (3) the Indianapolis Mayor, (4) the Indiana Charter School Board, and (5) a nonprofit college or university that provides a four-year baccalaureate degree. IC 20-24-1-2.5. Authorizers enter into charters with organizers, which are nonprofit corporations that operate charter schools through independent boards. IC 20-24-1-7.

Once an authorizer and an organizer decide to enter into a charter, the parties must draft the charter to comport with the applicable Indiana laws. For example, IC 20-24-2.2-2 sets the minimum school performance standards that must be included in a charter agreement for renewal and to avoid revocation of the school’s charter. Specifically, charter agreements must contain a requirement that the charter school will not remain in the lowest category or designation of school improvement for four (4) consecutive years. Additionally, charters must incorporate the requirements set forth in IC 20-24-4-1.5. This section includes requirements governing the length of time a charter may run (3 to 7 years), performance expectations, charter renewal procedures, etc. Charter schools then report this data, along with other information required under IC 20-24-9-5 (attendance records, student performance data, financial information, etc.), to authorizers. Authorizers then evaluate this data to ensure the charter schools are in compliance with the charter and all other applicable Indiana law. IC 20-24-9-3. Further, authorizers use this data as part of the charter renewal process. IC 20-24-4-3.

II. The Board's Role in Monitoring Authorizers.

A. Authorizer Renewal of a Charter School that Fails to Satisfy the Minimum School Performance Standards

If an authorizer renews a charter of, or fails to close a charter school that remains in the lowest category or designation of school improvement for four (4) consecutive years, the Board may require the authorizer to appear at a hearing before the Board. IC 20-24-2.2-3. Unless the Board finds sufficient evidence of the charter school's performance to delay taking action, the Board may implement one or more of the following three (3) options:¹

- Transfer the charter school to a different authorizer.
 - Pros: a different authorizer's monitoring techniques may benefit the school's overall performance.
 - Cons: changing authorizers may result in uncertainty and instability within the charter school.
- Order the charter school to close at the end of the school year.
 - Pros: the students currently attending the school may end up attending schools with higher performance metrics.
 - Cons: students will be forced to find new schools to attend, which may cause hardship for the students and their families.
- Order the reduction of administrative fees collected by the authorizer.
 - Pros: the school would receive additional funds.
 - Cons: the authorizer would still be responsible for all of the same duties now but would not receive the same amount of funding to conduct those duties.

In determining whether to impose consequences under IC 20-24-2.2-3(b) the Board must consider the following:

- The enrollment of students with special challenges, such as alcohol addiction; prior withdrawal from school; prior incarceration; or other special circumstances.
- High mobility of the student population resulting from the specific purpose of the charter school.
- Annual improvement in the performance of the students enrolled in the charter school compared to the performance in the preceding year.

¹ IC 20-24-2.2-3(b).

B. Board Intervention—Consequences for Authorizers

Pursuant to IC 20-24-2.2-4, if the Board has closed or ordered a change of at least 25% of the charter schools of a particular authorizer, the authorizer's ability to authorize new charter schools may be suspended by the Board until the Board lifts that suspension. A determination under this section to suspend an authorizer's authority to authorize new charter schools must identify the deficiencies that, if corrected, will result in the approval of the authorizer to authorize new charter schools. Further, IC 20-24-2.2-6 states that if an authorizer is suspended and has not corrected the deficiencies causing the suspension within two (2) years, the Board, by a vote of at least eight (8) Board members, may revoke the authorizer's authority to function as an authorizer.

C. Board Intervention—Consequences for Organizers

Before an authorizer may issue a charter to an organizer that has had its charter terminated or has been informed that its charter will not be renewed by the organizer's current authorizer, the authorizer must request to have the proposal reviewed by the Board at a public hearing. IC 20-24-4-1.5. The Board shall conduct a hearing in which the authorizer must present information indicating that the organizer's proposal is substantively different in the areas of deficiency identified by the current authorizer from the organizer's current proposal as set forth within the charter with its current authorizer. After the Board conducts the hearing, the Board shall either approve or deny the proposal. If the proposal is denied by the Board, authorizers will be prohibited from issuing a charter to the organizer. IC 20-24-4-1.5(b).

III. Hoosier Academy Virtual Charter School.

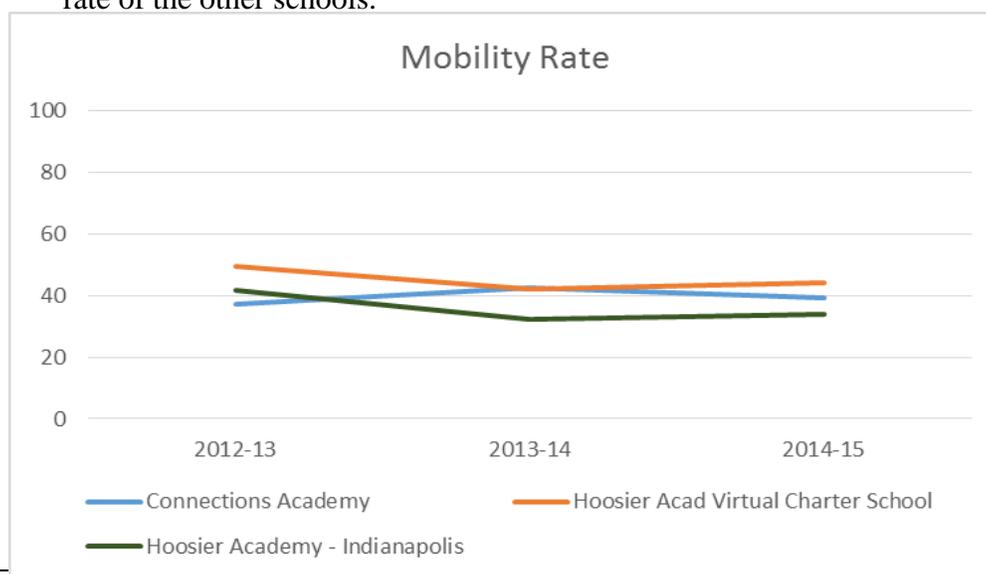
Ball State University ("Ball State") is the authorizer for Hoosier Academy Virtual Charter School (#5290) ("Hoosier Academy"), serving grades K-12, which has received five (5) consecutive "F" grades. As Hoosier Academy's authorizer, Ball State received 3% of Hoosier Academy's annual state tuition support—equal to \$412,200.42—in administrative fees during the 2014-2015 school year.

Pursuant to IC 20-24-2.2-3, the Board conducted a hearing On January 7, 2015 wherein Ball State provided a presentation containing pertinent information regarding Hoosier Academy's performance and steps that Ball State was taking to address the school's performance. In a letter dated January 27, 2015, Ball State requested that the Board permit Ball State to continue reviewing and monitoring Hoosier Academy. The Board agreed to delay action and revisit the issue in 2016.

A. Factors for the Board to Consider

Ball State’s previous presentation provided insight into how Hoosier Academy operates, and the population of students it serves. Below are some of the highlights of the 2015 hearing compared to current data.

- **Students with special challenges such as drug or alcohol addiction, prior withdrawal from school, prior incarceration, or other special circumstances (Board required to consider this factor per IC 20-24-2.2-3(c)(1))**
 - 2015 presentation: Hoosier Academy aims to be a short-term solution for many students who face unique and challenging circumstances, like bullying, health concerns, students that have fallen behind, or a student pursuing an unusual endeavor requiring more flexibility.
 - 2016 update: awaiting data from Ball State.
 - 2015 presentation: individualized improvement plans, as well as the alternative programs provided by Hoosier Academy attempt to address academic deficiencies, particularly as they relate to a diverse and complex student body.
 - 2016 update: awaiting data from Ball State.
- **High mobility of the student population resulting from the specific purpose of the charter school (Board required to consider this factor per IC 20-24-2.2-3(c)(2))**
 - When comparing Hoosier Academy with Connections Academy² (“Connections”), and Hoosier Academy – Indianapolis³ (“Indianapolis”), the data demonstrates that Hoosier Academy’s mobility rate is higher than the mobility rate of the other schools.

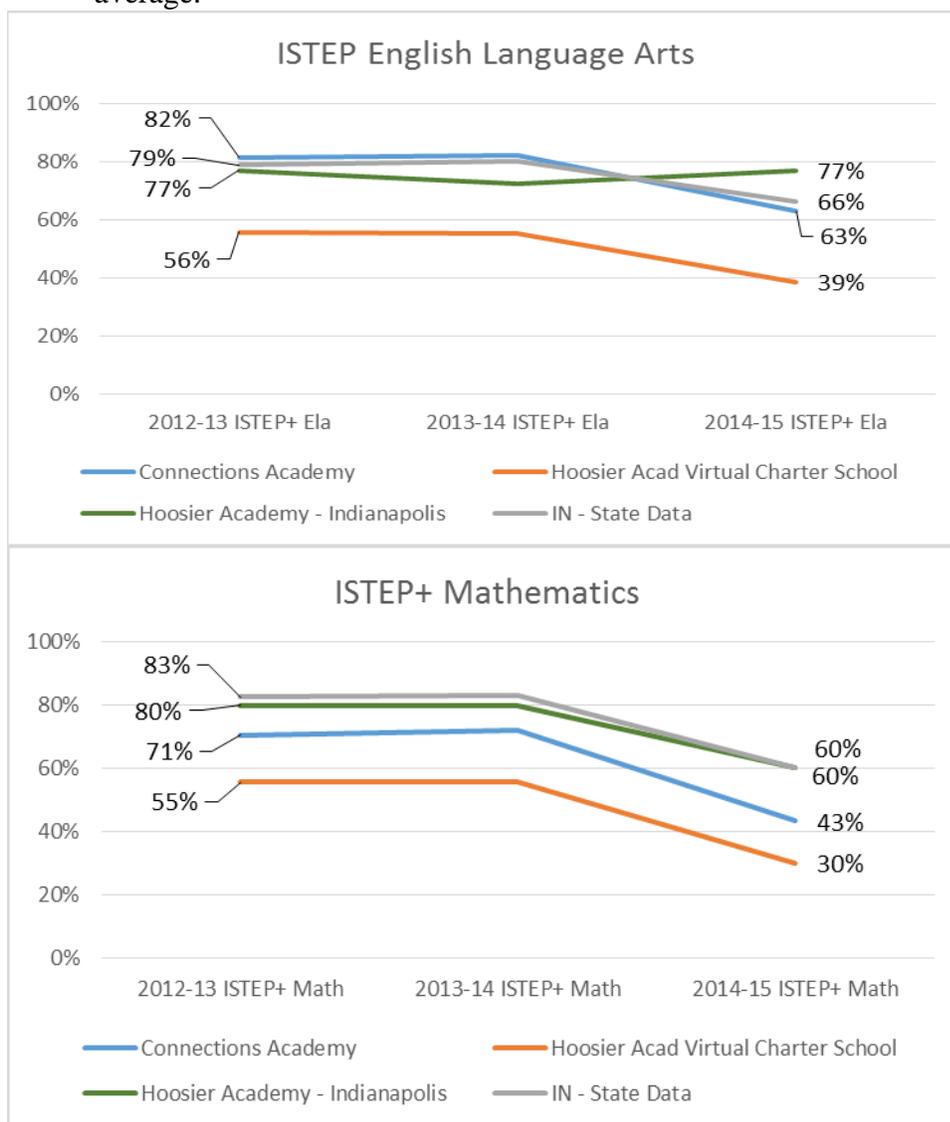


² Similar to Hoosier Academy, Connections is also virtual K-12 charter school operating in Indiana.

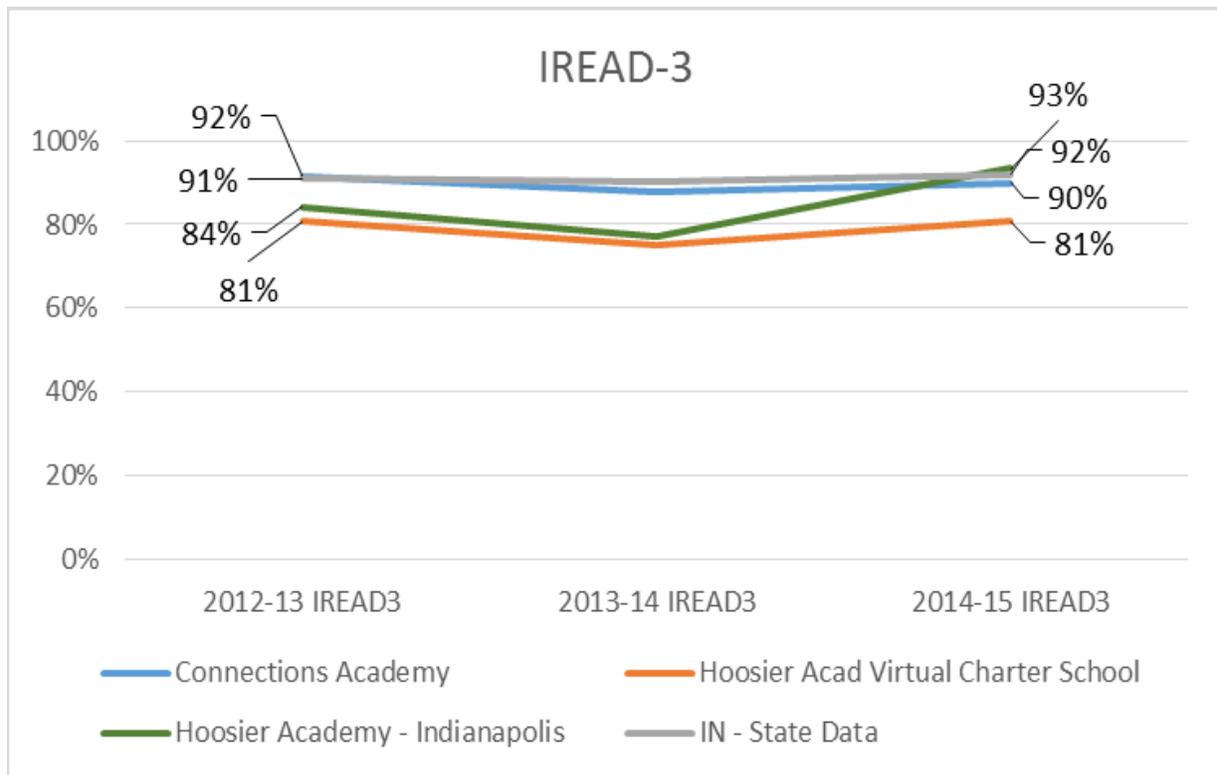
³ Indianapolis is a hybrid institution utilizing a combined “brick and mortar” and virtual learning setting.

- Annual improvement in the performance of students enrolled in the charter school, as measured by IC 20-31-8-1, compared with the performance of students enrolled in the charter school in the immediately preceding school year (Board required to consider this factor per IC 20-24-2.2-3(c)(3))**

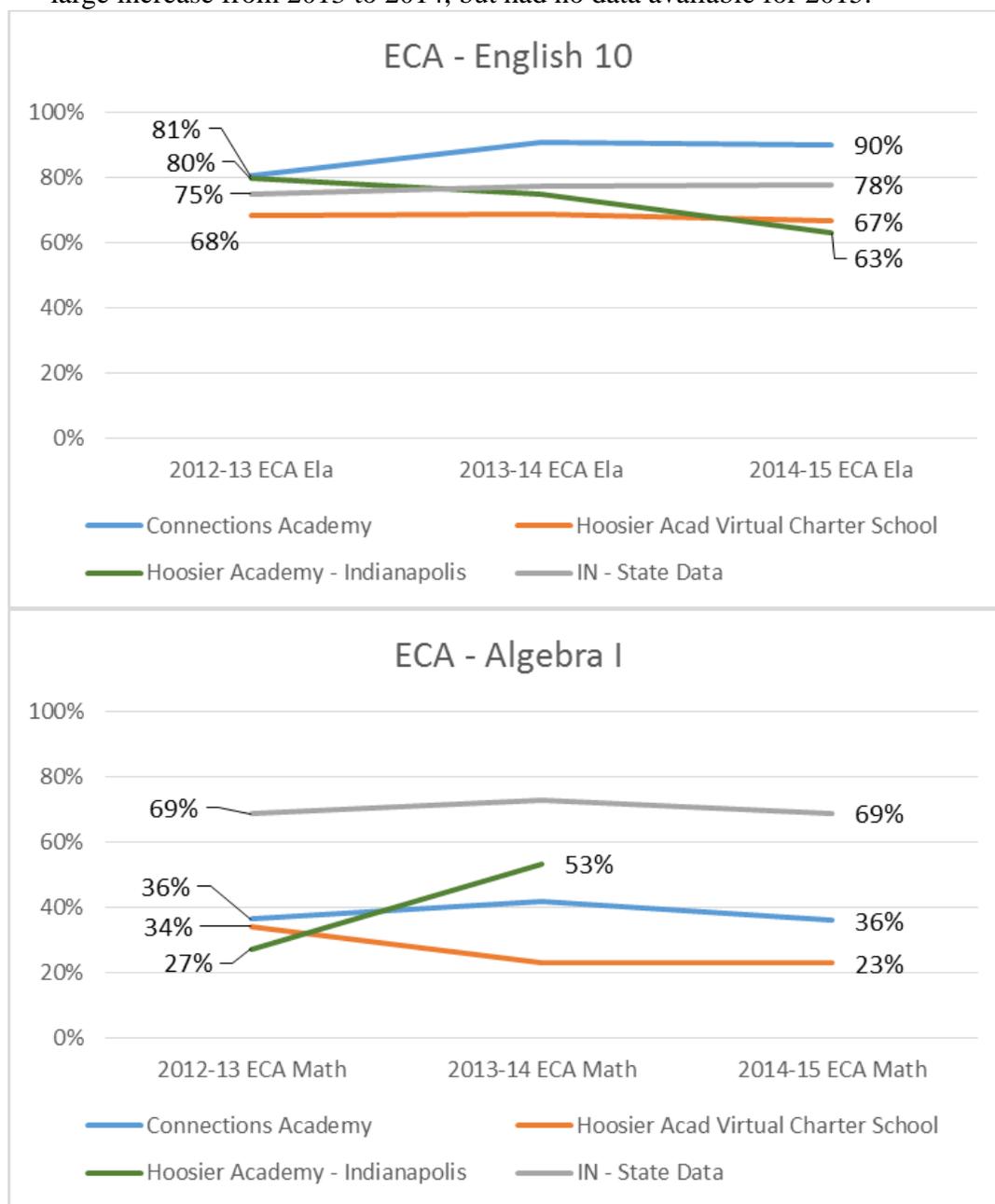
- 2015 presentation: ISTEP+ data show that Hoosier Academy’s student passing rate in 2013-14 was 45.80% (55.20% in ELA and 55.50% in math); the passing rate in 2012-13 was 44.80% (55.70% in ELA and 55.10% in math).
 - 2016 update: ISTEP+ in 2015 was a new assessment based on new standards and the performance on the English/language arts portion of the test. Hoosier Academy’s drop was similar to the rate drop experienced by both Connections Academy and Indiana as a whole. However, it should be noted that Indianapolis made gains over the prior year. In mathematics Hoosier Academy continued to score roughly 30% lower than the State average.



- Between the 2012-2013 school year and the 2014-2015 school year, IREAD-3 results are higher for all three (3) schools as well as the State overall. However, Hoosier Academy's performance has been consistently lower than the State average by roughly 10%.

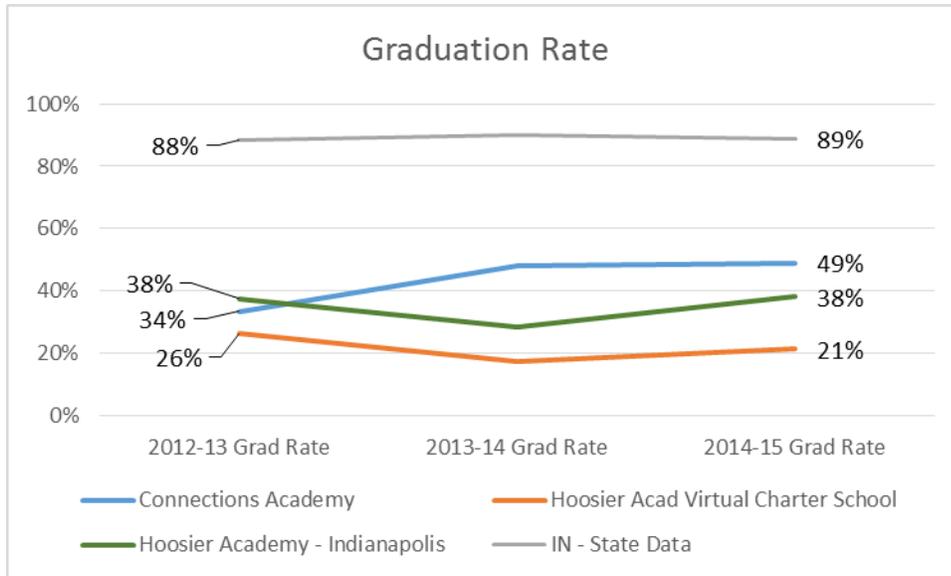


- Across the three (3) years of data below, Hoosier Academy's ECA English 10 results remain roughly 10% lower than the State average. Similarly, Indianapolis showed a decreased performance and is currently 15% below the State average and 4% lower than Hoosier Academy. In contrast, Connections showed an improved performance and is now 12% above the State average.
- Regarding ECA Algebra I data, Hoosier Academy experienced an 11% decrease in performance and is now 46% lower than the State average. During the same time period Connections has remained relatively flat and Indianapolis showed a large increase from 2013 to 2014, but had no data available for 2015.

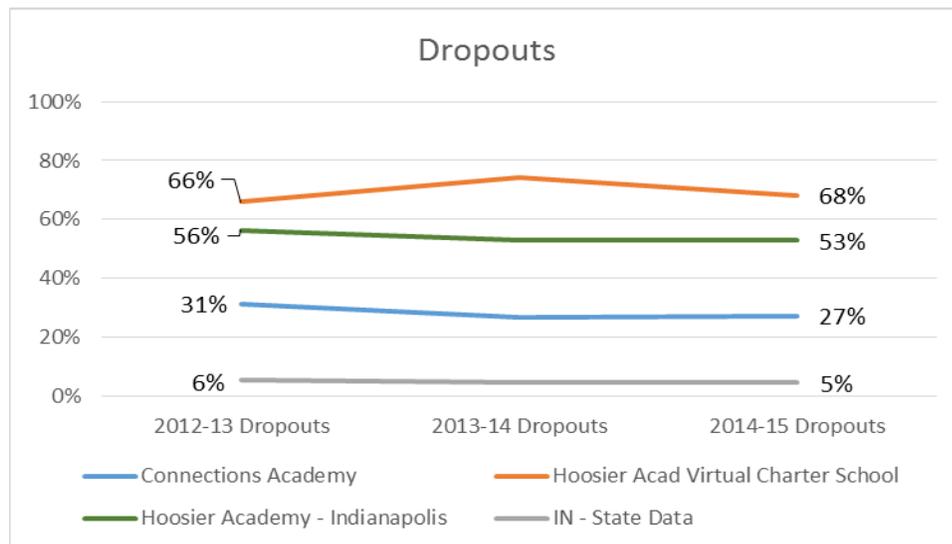


• **Graduation/Dropout Rates**

- Graduation Rates at the State level have been essentially flat over the past three (3) years. Graduation rates in both Connections and Indianapolis, though still considerably lower than the State’s averages, have increased since two (2) years prior. Hoosier Academy’s graduation rate was 62% lower than the State average during the 2012-2013 school year, and 68% lower difference in 2014-2015.



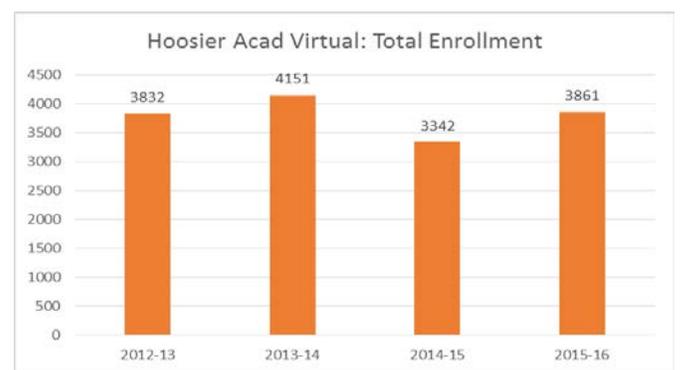
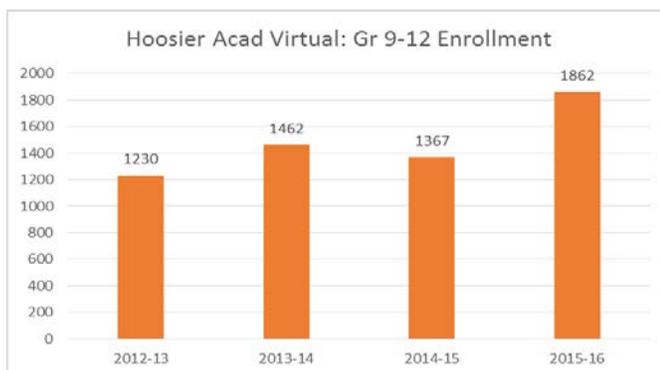
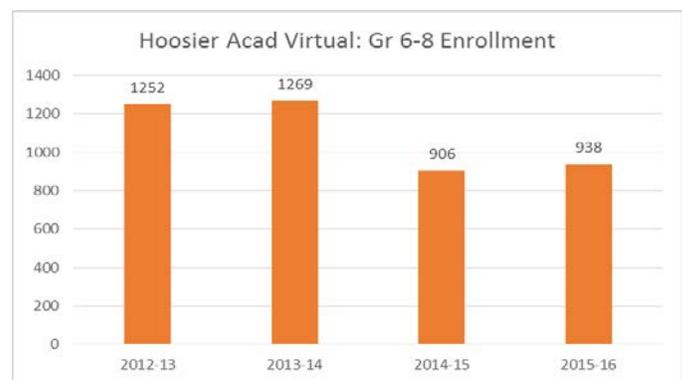
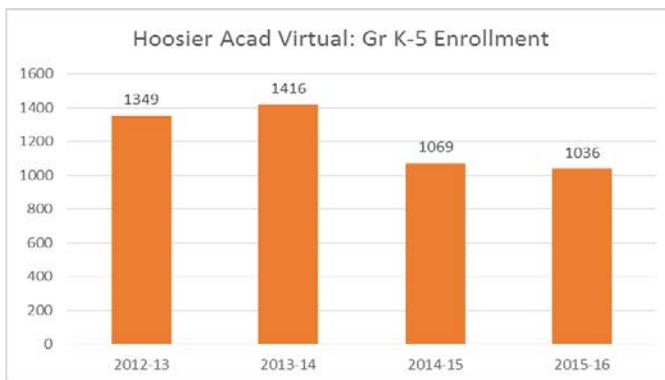
- Dropout Rates at the State level have stayed fairly flat over the last three (3) years. Dropout rates for both Connections and Indianapolis have slightly trended down. Hoosier Academy has the highest dropout rate of the three schools. Compared to the State average, Hoosier Academy has consistently experienced a dropout rate that is over 60% higher.

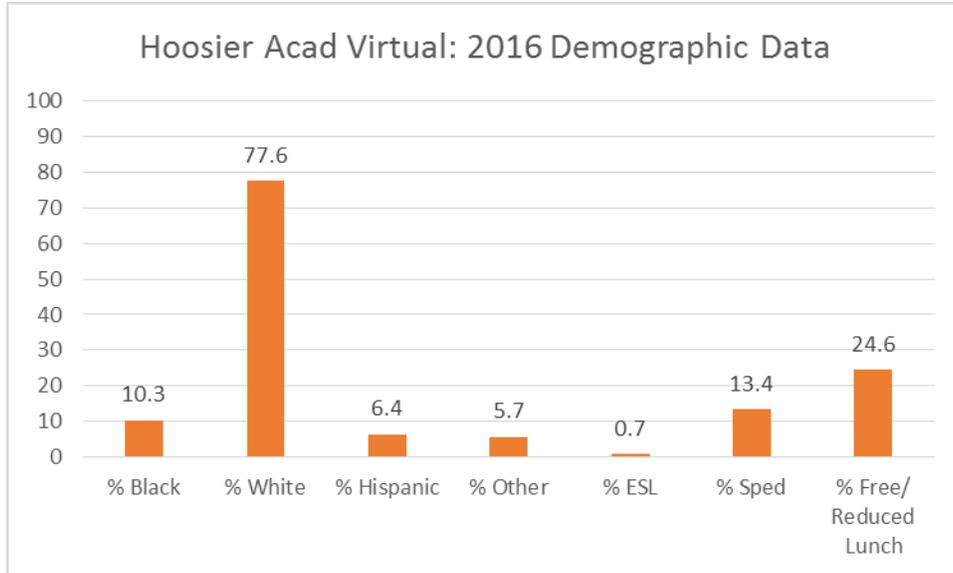


- **Turnover**

- 2015 presentation: in 2013-14, 66% of students were enrolled for less than a year.
 - 2016 update: 61% of students were enrolled for less than a year.
- 2015 presentation: of the students enrolled less than a year, 21% of students were enrolled two months or less and 56% were enrolled for five months or less.
 - 2016 update: 27% enrolled for two months or less and 53% were enrolled for five months or less.
- 2015 presentation: in 2013-14, 29% of students were enrolled for a year.
 - 2016 update: 19% were enrolled for a year.
- 2015 presentation: 5% of students were enrolled for two years or more as of the 2013-14 school year.
 - 2016 update: 20% were enrolled for two years or more

- **Hoosier Academy Enrollment**





Hoosier Acad Virtual Charter

2015 Annual Performance Report

Hoosier Acad Virtual Charter, Indianapolis 9865

Indicator	Corporation Results				State
	'12-'13	'13-'14	'14-'15	'15-'16	Total
Student Enrollment	3,832	4,151	3,342	3,861	1,046,026
Non-Waiver Grad Rate	17.0	13.5	17.5		82.74
College and Career Readiness Rate	14.3	5.1	N/A		
Number of Certified Teachers	78	77	96		63,167
Number of National Board Certified Teachers	0	0	0		192
Total Expenditure Per Pupil Three Year Average	\$3,300	\$1,975	\$4,877		\$11,052
Percent Academic Achievement Expenditures	72.6	68.6	80.6		48.7
Percent Instructional Support Expenditures	5.9	5	6.6		8.2
Percent Overhead and Operations Expenditures	11.8	18.6	5.1		23.2
Percent Non-Operating Expenditures	9.7	7.8	7.8		19.9
Percent of Students in Special Education	15.4	16.1	13.4		14.9
Percent of Students in Gifted and Talented Education	3.6	1.3	1.3		14.4
Percent of Students Receiving Free or Reduced Price Lunches	27.4	34.4	17.0		49.2
Percent of Limited English Proficiency Students	0.8	0.9	0.8		5.5
Total ISTEP+ Remediation Funding	\$14,009	\$26,368	\$25,238		\$6,000,150
Intra District Mobilty	0	0	0		0.5
Inter District Mobilty	49.6	42.1	44.1		11.5

Corporation Goals for Expenditure Categories in Indiana Code 20-42.5-3-5

*** Suppressed

Hoosier Acad Virtual Charter

2015 Annual Performance Report

Hoosier Acad Virtual Charter Sch, Indianapolis 5290

Indicator	School Results				State
	'12-'13	'13-'14	'14-'15	'15-'16	Total
A-F Accountability Grade	F	F	F		
Student Enrollment	3,832	4,151	3,342	3,861	1,046,026
Percentage of Students Passing IREAD	77.2	70.1	74.6		90.1
* Grade 3 Percent Passing ISTEP+ Math Standard	57.8	52.6	27.5		62.6
* Grade 3 Percent Passing ISTEP+ Language Arts Standard	62.6	51.9	40.9		73.2
* Grade 4 Percent Passing ISTEP+ Math Standard	53.3	56.6	39.0		65.2
* Grade 4 Percent Passing ISTEP+ Language Arts Standard	64.4	65.7	47.4		70.4
* Grade 4 Percent Passing ISTEP+ Science Standard	49.7	58.4	51.4		71.4
* Grade 5 Percent Passing ISTEP+ Math Standard	56.7	57.9	31.0		68.4
* Grade 5 Percent Passing ISTEP+ Language Arts Standard	51.8	57.6	35.1		65.2
* Grade 5 Percent Passing ISTEP+ Social Science Standard	42.6	48.0	***		70.9
* Grade 6 Percent Passing ISTEP+ Math Standard	58.5	56.1	37.9		61.9
* Grade 6 Percent Passing ISTEP+ Language Arts Standard	55.2	54.9	40.6		65.8
* Grade 6 Percent Passing ISTEP+ Science Standard	38.4	39.6	39.8		66.9
* Grade 7 Percent Passing ISTEP+ Math Standard	57.1	58.3	26.9		54.1
* Grade 7 Percent Passing ISTEP+ Language Arts Standard	54.4	54.1	38.8		65.7
* Grade 7 Percent Passing ISTEP+ Social Science Standard	40.2	44.4	***		69.8
* Grade 8 Percent Passing ISTEP+ Math Standard	50.8	52.7	24.5		54.2
* Grade 8 Percent Passing ISTEP+ Language Arts Standard	52.3	52.5	34.0		63.7
Percent of 8th Graders in Algebra I	19.4	0	0		25.9
Percent Passing ECA Math Standard	34.3	23.0	23.0		68.9
Percent Passing ECA English Language Arts Standard	68.4	69.0	66.7		77.9

* In 2014-15 Indiana transitioned to new, more rigorous college-and-career ready standards and a new statewide assessment to measure these standards. Therefore, results are not comparable to previous data.

*** Suppressed

Hoosier Acad Virtual Charter

2015 Annual Performance Report

Hoosier Acad Virtual Charter Sch, Indianapolis 5290

Indicator	School Results				State
	'12-'13	'13-'14	'14-'15	'15-'16	Total
Percent of Graduates Who Have Passed Both ECA Standards	16.98	13.45	17.46		82.75
Percent of Graduates Granted Waivers for the ECA	35.7	23.1	18.6		7.1
Number of International Baccalaureate Diplomas		0	0		657
SAT Average Score for Graduating Class	944.0	886.5	942.8		987.6
Percent of 12th Graders Taking SAT	16.7	7.1	7.5		45.9
Percent Core 40 with Honors Diploma	21.4	5.1	4.7		37.2
Percent Core 40 Diploma	78.6	74.4	94.2		87.1
Percent of Graduates Pursuing College	88.9	77.8	54.9		78.3
Pupil Enrollment to Certified Employee Ratio	109	54	36		13
Graduation Rate	26.4	17.5	21.4		88.9
Attendance Rate	95.6	96.6	97.9		95.8
Number of Students with More Than 10 Unexcused Days Absent	782	0	415		71,716
Number of Students absent greater than 10% of School Year	590	0	238		79,014
Number of Students Retained in the 9th Grade	4	2	4		886
Number of Students Who Have Dropped Out	35	166	273		3,607
Number of Students Expelled		490	109		2,886

* In 2014-15 Indiana transitioned to new, more rigorous college-and-career ready standards and a new statewide assessment to measure these standards. Therefore, results are not comparable to previous data.

*** Suppressed